

Attachment A - Illustrative Journal Entries

First Year of Implementation

Investment Security	A	B	C	D	E	F	G	H
	Beginning Cost	Beginning Fair Value	Purchases	Sales	Subtotal	Ending Fair Value	Change in Fair Value	Unrealized Gain (Loss)
Security # 1	\$ 100	\$ 100	\$ -	\$ -	\$ 100	\$ 120	\$ 20	\$ 20
Security # 2	520	540	-	-	540	510	(30)	(10)
Security # 3	200	240	-	250	(10)	-	10	-
Security # 4	-	-	330	-	330	315	(15)	(15)
Total	\$ 820	\$ 880	\$ 330	\$ 250	\$ 960	\$ 945	\$ (15)	\$ (5)

Calculation of Change in Fair Value - Aggregate Method

Fair value at June 30, 1998	\$ 945
Add: Proceeds of investments sold during 1997-98	250
Less: Cost of investments purchased during 1997-98	330
Less Fair value at July 1, 1997	<u>880</u>
Change in fair value of investments (combined effect of realized and unrealized gains and losses)	<u>\$ (15)</u>

Activity for Months 1 through 12

<u>NCAS A/C #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
(In the A/C # column, the "-" indicates that various accounts can be used.)			
1. -	Investments	\$ 330	
-	Cash		\$ 330
	(To record the purchase of security #4.)		
2. -	Cash	250	
-	Investments (cost)		200
437400	Realized gain on sale of investments		50
	(To record sale of security #3 (D - A).)		

Appendix A - First Year of Implementation (continued)

Activity for 13th Period

<u>NCAS A/C #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
3. 112280	Allowance - fair value of investments	\$ 60	
323190	Unreserved beginning fund balance adjustment (To record prior period adjustment for beginning fair value (B - A).)		\$ 60
4. 437410	Unrealized gain on investments	\$ 60	
112280	Allowance - fair value of investments (To record reversing entry for unrealized gain recognized in prior period.)		\$ 60
5. 535911	Unrealized loss on investments	5	
112280	Allowance - fair value of investments (To record unrealized loss on investments held at end of year (F - A = H).)		5

Appendix A - Subsequent Year of Implementation

Subsequent Year of Implementation

Investment Security	A	B	C	D	E	F	G	H
	Beginning Cost	Beginning Fair Value	Purchases	Sales	Subtotal	Ending Fair Value	Change in Fair Value	Unrealized Gain/(Loss)
Security # 1	\$ 100	\$ 120	\$ -	\$ 110	\$ 10	\$ -	\$ (10)	-
Security # 2	520	510	-	-	510	550	40	30
Security # 4	330	315	-	325	(10)	-	10	-
Security # 5	-	-	310	-	310	300	(10)	(10)
Total	\$ 950	\$ 945	\$ 310	\$ 435	\$ 820	\$ 850	\$ 30	\$ 20

Calculation of Change in Fair Value - Aggregate Method

Fair value at June 30, 1999	\$ 850
Add: Proceeds of investments sold during 1998-99	435
Less: Cost of investments purchased during 1998-99	310
Less Fair value at July 1, 1998	<u>945</u>
Change in fair value of investments (combined effect of realized and unrealized gains and losses.)	<u>\$ 30</u>

Activity for Months 1 through 12

<u>NCAS A/C #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
(In the A/C # column, the "-" indicates that various accounts can be used.)			
1. -	Cash	\$ 110	
-	Investments (cost)		\$ 100
437400	Realized gain on sale of investments		10
(To record the sale of security #1 for a sales price of 110 (D - A).)			
2. -	Cash	325	
535910	Realized loss on sale of investments	5	
-	Investments (cost)		330
(To record sale of security #4 for a sales price of 325 (D - A).)			
3. -	Investments	310	
-	Cash		310
(To record the purchase of security #5.)			

Appendix A - Subsequent Year of Implementation (continued)

Activity for 13th Period

<u>NCAS A/C #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
4. 112280	Allowance - fair value of investments	\$ 5	
535911	Unrealized loss on investments (To record reversing entry for unrealized loss recognized in prior period.)		\$ 5
5. 112280	Allowance - fair value of investments	20	
437410	Unrealized gain on investments (To record unrealized gain on investments held at end of year (F - A = H).)		20
